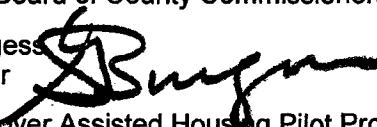


Memorandum



Date: September 4, 2007

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager 

Subject: Report on Employer Assisted Housing Pilot Program for County Employees

Agenda Item No. 12B4

The following report is presented to the Board of County Commissioners pursuant to Resolution R-281-07, sponsored by Commissioners Barbara J. Jordan and Sally Heyman, and Resolution R-149-07, sponsored by Commissioner Dorrin D. Rolle. Resolution R-281-07 directs staff to explore the feasibility of developing a County-funded Employer Assisted Housing (EAH) Pilot Program that may include Home Buyer Education, and an Individual Development Account (IDA) match and/or subsidy funds. With respect to Resolution R-149-07, staff was directed to consider all potential housing opportunities available to assist County employees, including, but not limited to housing loan programs and incentives to developers responsible for constructing or converting condominiums, mixed-use developments and other real estate projects within Miami-Dade County.

In response to a question raised at the February 13, 2007 Budget and Finance Committee meeting during the discussion of the Resolution R-281-07, staff defined "County-funded" as any funds under the control of the County that could be directed towards an EAH Program, such as federal HOME and Community Development Block Grant (CDBG) funds, State Housing Initiative Program (SHIP) funds, local Documentary Stamp Surtax, and Single Family Bond funds.

Background

EAH Programs typically are comprised of one or more of the following: (a) homeownership counseling; (b) assistance toward down payment, closing costs and/or permanent financing; and (c) match savings. Financial assistance can be provided in the form of grants, forgivable, deferred, or repayable loans. EAH Programs are funded by the employer and offered as a benefit to the employee. Such programs are viewed as promoting recruitment and retention, which in return offset or minimize the cost of offering EAH benefits.

In crafting such programs, employers must determine the scope of assistance to offer and the eligibility criteria. In particular, employers must consider the following factors when establishing employee eligibility:

- employment tenure,
- income restrictions,
- employee groups or classifications receiving the benefit, and
- whether to limit assistance to the first-time homebuyers.

Prior Exploration of EAH Program for County Employees

In 2001, County staff explored implementation of an EAH Program its employees. Staff identified two EAH components to offer at that time. The first component was homebuyer counseling classes. The second was a matched savings program, providing up to \$5,000 in match to eligible employees towards

down payment and/or closing costs. The match savings component was to be funded with general revenue and, where possible, directly by Proprietary departments for their own employees. Due to the complexity of employee classifications and proposed funding sources, staff was unable to establish a matched savings program. The homebuyer counseling classes were conducted for a period of time.

Miami-Dade County Housing Programs Currently Available to County Employees

As stated above, funds under the County's control other than general revenue that could be directed towards an EAH Program are federal HOME and Community Development Block Grant (CDBG) funds, State Housing Initiative Partnership (SHIP) program funds, local Documentary Stamp Surtax, and Single Family Bond funds.

The County is currently utilizing all of these sources to fund each form of assistance typically found in EAH Programs. With the exception of a matched savings program, homeownership assistance is currently open to any County employee with household income of 140 percent of area median income (AMI) or less, regardless of employment tenure or classification. Housing assistance directly available to County employees includes homebuyer counseling, assistance with closing costs and down payments in the form of grant and second or greater mortgages towards the purchase of a home. The matched savings program funded by a restricted federal grant is available to County employees who are Temporary Assistance for Needy Families (TANF) recipients or households eligible for Earned Income Tax Credit.

Attached is a table describing housing assistance currently available to County employees.


Recommendations

In consultation with the Office of Strategic Business Management, Employee Relations Department, and Housing Finance Authority, it is not recommended at this time for staff to implement an EAH Program for County employees. In addition, it is not recommended that housing developers, when awarded County funds to develop affordable housing, be required to restrict certain units to occupancy by County employees. Implementing these recommendations would redirect some of the funding that is supporting the County's housing assistance programs open to all members of the community with household incomes of 140 percent of AMI or less, including County employees regardless of employment tenure or classification. In light of fiscal constraints from changes in property tax policy, the use of general revenue to extend this form of employee benefit is not recommended at this time.

While County employees are experiencing a difficult housing market along with other County residents, Miami-Dade County, as an employer, is not experiencing any difficulty in recruiting and retaining workforce employees in affected job classifications (i.e. households with income of 140 percent or less of AMI). In other words, the County does not have a recruitment or retention problem in those County job classifications most likely subject to the EAH criteria.

The Housing Finance Authority will coordinate a marketing campaign with the Department of Employee Relations to inform County employees of the housing assistance that is available to them at this time.

Attachment


Cynthia W. Curry
Senior Advisor to the County Manager

EMPLOYER ASSISTED HOUSING PROGRAMS

Typical EAH Benefits	Assistance Currently Available to Miami-Dade County Residents, Including County Employees
• <i>Homeownership counseling</i>	Yes
• <i>Matched savings (IDAs)</i>	Yes <ul style="list-style-type: none"> Limited to TANF recipients or households eligible for Earned Income Tax Credit. Miami-Dade County matches 2.5 to every dollar saved up to \$2,000 towards home purchase (borrower's \$2,000 matched with \$5,000 of County funds). IDA account stays open for 40 months and requires borrower's \$50 monthly contribution. Funded with restricted federal Department of Human Services Grant, matched with \$1.5 million in CDBG funds over three years.
• <i>Grants for Down payment/closing cost assistance</i>	Yes <ul style="list-style-type: none"> Income limit = 140% of AMI Assistance typically no more than 6% of purchase price. Loans typically forgiven if borrower owns and occupies home for ten years. Funded with Surtax, American Dream Downpayment Initiative (ADDI) and HOME funds.
• <i>Forgivable, Deferred and Repayable loans for Home Purchase.</i>	Yes <ul style="list-style-type: none"> Income limit = 140% of AMI Typically 30 year fixed, low interest thirty year mortgages. Interest rates: Low income borrowers (80% of AMI or less)- 0-3% Moderate income borrowers (81% to 140% of AMI) - 4-6% Payment terms for Low income borrowers: <ul style="list-style-type: none"> - Years 1 to 5 = \$25 interest only monthly payments - Years 6-10 = \$50 principal and interest monthly payments - Years 11-30 = Fully amortized. Payment terms for Moderate income borrowers <ul style="list-style-type: none"> - Years 1 to 5 = \$50 interest only monthly payments - Years 6-10 = \$100 principal and interest monthly payments - Years 11-30 = Fully amortized. If borrower sells, transfers, rents or vacates property, balance of mortgage loan, including accrued interest, becomes due immediately. Blending second or more mortgages with primary mortgage allows program participant to reduce long-term financing cost of purchase. Funded with HOME, SHIP, Surtax and Single Family Bond funds.